

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

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|--|--|--|----------------------|
| (1) DEPARTMENT County Fire | (2) MEETING DATE 4/10/2012 | (3) CONTACT/PHONE Bill Winter / 543-4244 | |
| (4) SUBJECT Request to approve a financing agreement with PNC Equipment Finance, LLC for the purchase, previously approved by the Board, of replacement Self-Contained Breathing Apparatus (SCBAs) used by County Fire firefighters. | | | |
| (5) RECOMMENDED ACTION It is recommended that the Board approve the Master Equipment Lease-Purchase Agreement with PNC Equipment Finance, LLC, and authorize the County Fire Chief to execute the Agreement, and all documents related thereto, in order to complete the purchase of Self-Contained Breathing Apparatus (SCBAs) previously authorized by your Board on February 7, 2012, Item 11. | | | |
| (6) FUNDING SOURCE(S) General Fund | (7) CURRENT YEAR FINANCIAL IMPACT \$162,861.97 | (8) ANNUAL FINANCIAL IMPACT \$162,861.97 | (9) BUDGETED? Yes |
| (10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____) | | | |
| (11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A | | (12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A | |
| (13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) | | (14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes | |
| (15) LOCATION MAP N/A | (16) BUSINESS IMPACT STATEMENT? No | (17) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>Feb. 7, 2012</u> | |
| (18) ADMINISTRATIVE OFFICE REVIEW Geoff O'Quest | | | |
| (19) SUPERVISOR DISTRICT(S) All Districts | | | |

County of San Luis Obispo



TO: Board of Supervisors

FROM: County Fire / Bill Winter / 543-4244

DATE: 4/10/2012

SUBJECT: Request to approve a financing agreement with PNC Equipment Finance, LLC for the purchase, previously approved by the Board, of replacement Self-Contained Breathing Apparatus (SCBAs) used by County Fire firefighters.

RECOMMENDATION

It is recommended that the Board approve the Master Equipment Lease-Purchase Agreement with PNC Equipment Finance, LLC, and authorize the County Fire Chief to execute the Agreement, and all documents related thereto, in order to complete the purchase of Self-Contained Breathing Apparatus (SCBAs) previously authorized by your Board (Feb. 7, 2012, Item 11).

DISCUSSION

On February 7, 2012, the Board of Supervisors approved agenda item 11, a request by the County Fire Department to purchase replacement Self-Contained Breathing Apparatus (SCBAs), used by firefighters to provide breathable air in hazardous environments. The approval granted by the Board including a five-year financing plan through Mine Safety Appliances (MSA), the SCBA manufacturer.

Subsequent to the Board action, the Department has been informed that financing will be provided by PNC Equipment Finance, LLC (PNC), not the manufacturer. However, all pricing, terms and conditions remain the same as those previously approved by the Board.

This request will approve the Master Equipment Lease-Purchase Agreement with PNC and authorize the County Fire Chief to execute the agreement, and all related documents.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed the documents as to form and legal effect. County Purchasing prepared Purchase Order 25007356 after approval of the prior request, based on OAR 19001114. The Auditor Controller's Office was consulted regarding the payment schedule and annual encumbrances.

FINANCIAL CONSIDERATIONS

As approved by the Board on February 7, 2012 (item 11), under the financing agreement, the County will be required to pay \$162,861.97 per year, starting this fiscal year and continuing for the next four fiscal years. The department currently has \$95,000 in its FY 2011-2012 budget for this purchase, along with an additional \$105,000 carried forward from its FY 2010-2011 budget. This agreement will be accompanied by County Purchase Order 25007356 which commits the County to the full purchase amount, paid over the five-year period. Total purchase price will be \$814,309.87, which is the total of the five annual payments.

This purchase price is approximately \$1,000,000 below what the total price would be at retail pricing, and approximately \$200,000 below what it would be at State Contract pricing. In addition, interest is not being added to the purchase price by the vendor or by the finance company.

SCBAs have a life expectancy of 10 to 15 years. This purchase will bring the entire County Fire SCBA complement up to current standards. Payments on the finance agreement will continue through FY 2015-2016. Once payments are complete, it will be another five to 10 years before replacements are once again required.

No additional funds are being requested this fiscal year, but the department is now requesting the Board's approval of the new finance agreement because it will result in a purchase contract with the vendor. While no written contract is involved, the purchase order and the finance agreement itself will constitute a contract. All pricing, terms and conditions in the new finance agreement remain the same as those previously approved by the Board. The term of the contract will end in FY 2015-2016, when the final payment is made. Each year, the purchase order will also result in an encumbrance (commitment) of the funds required for the annual payment. Details of the purchase and for each fiscal year are shown below.

| Item | Quantity and Price | Extended Amount |
|------------------------------------|---------------------------|------------------------|
| MSA FireHawk M7 4500 Configuration | 156 ea. @ \$3,764.63 | \$587,382.28 |
| MSA H-45 LP Cylinder | 269 ea. @ \$555.36 | \$149,391.84 |
| MSA RescueAire II less cylinder | 11 ea. @ \$2,053.56 | \$22,589.16 |
| | Subtotal | \$759,263.28 |
| | Sales Tax (7.25%) | \$55,046.59 |
| | Freight | \$0 |
| | Total | \$814,309.87 |

| Fiscal Year | Encumbrance Amt | Payment Amount |
|--------------------|------------------------|-----------------------|
| 2011-2012 | \$162,861.97 | \$162,861.97 |
| 2012-2013 | \$162,861.97 | \$162,861.97 |
| 2013-2014 | \$162,861.97 | \$162,861.97 |
| 2014-2015 | \$162,861.97 | \$162,861.97 |
| 2015-2016 | \$162,861.97 | \$162,861.97 |
| Total | \$814,309.87 | \$814,309.87 |

RESULTS

Approval of this request will allow the department to move forward with updating and standardizing its SCBA complement. Air storage bottles used on the new SCBAs will have an increased storage capacity. This will allow firefighters to remain in hazardous environments for longer periods of time, which will increase the effectiveness of their operations. This will result in A Safe Community and A Healthy Community.

New features included on the SCBAs will increase firefighter safety and reduce injuries. Included in the purchase will be additional reserve air supply units which will be pre-positioned throughout the department, further increasing firefighter safety and reducing injuries. Reducing employee injuries, and purchasing at this special pricing, will result in A Well-Governed Community.

ATTACHMENTS

1. PNC Lease Agreement